

Clarifying the Standard to Prove Inducement of Infringement under 35 U.S.C. § 271(b)

By Jason S. Shull and Michael L. Krashin

In 1990, the United States Court of Appeals for the Federal Circuit issued its opinions in *Hewlett-Packard Co. v. Bausch & Lomb, Inc.*¹ and *Manville Sales Corp. v. Paramount Systems, Inc.*,² the two decisions that form the backbone of the court's modern jurisprudence on inducement of patent infringement under 35 U.S.C. § 271(b). Documented by practitioners, commentators, and more recently by the Federal Circuit itself, these two decisions appear to set forth differing standards for intent to establish inducement of patent infringement under § 271(b).

The differing standards set forth in *Hewlett-Packard* and *Manville Sales* have been a source of confusion for practitioners and district courts. This confusion, however, should now be at an end as the Federal Circuit recently clarified the standard in the en banc portion of its opinion in *DSU Medical Corp. v. JMS Co.*³ In *DSU Medical*, the court made clear that the intent required for liability under § 271(b) “was stated in *Manville Sales Corp.*[:] “[t]he plaintiff has the burden of showing that the alleged infringer’s actions induced infringing acts and that he knew or should have known his actions would induce infringements.”

Section 271(b) specifies that “[w]hoever actively induces infringement of a patent shall be liable as an infringer.” Under the *Hewlett-Packard* standard, it appeared that the patentee only needed to prove that the inducing infringer had intent to cause the acts that constituted the infringement. In other words, the focus of the inquiry was whether the inducing infringer possessed the intent to cause a third party to directly infringe the patent, irrespective of the inducing infringer’s subjective belief as to whether the third party’s actions actually constituted direct infringement. In contrast, under the *Manville Sales* standard, the patentee had to prove that the inducing infringer’s actions caused direct infringement and that the inducing infringer knew or should have known his actions would induce direct infringement. Unlike the *Hewlett-Packard* standard, the *Manville Sales* standard required evidence of the

inducing infringer’s specific intent to cause direct infringement.

The Federal Circuit first acknowledged the apparent split in its authority governing the requisite level of intent in *Insituform Technologies, Inc. v. CAT Contracting, Inc.*⁴ The *Insituform* panel, consisting of Judges Mayer, Michel, and Schall, observed that “there is a lack of clarity concerning

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whether the required intent must be merely to induce the specific acts [of infringement] or additionally to cause an infringement.” While this panel acknowledged the split, a survey of Federal Circuit case law since *Insituform* demonstrates that the court—prior to its recent *DSU Medical* opinion—did little to reconcile the competing standards or clarify which standard was the appropriate standard. The Federal Circuit successfully avoided articulating exactly which standard applied by either (1) finding sufficient evidence of intent to meet both standards or (2) determining that no evidence of intent existed to meet even the lower *Hewlett-Packard* standard.

For example, the court in *Insituform* stated that it “need not resolve any ambiguity in the case law on this point because there [was] sufficient evidence to support the district court’s finding under either standard.” The court adopted the same approach in *Golden Blount, Inc. v. Robert H. Peterson Co.*,⁵ where it acknowledged

the lack of clarity concerning the law governing intent to cause inducement and chose not to address the issue on the basis that there was sufficient evidence presented in the lower court to satisfy both standards.

In *MercExchange L.L.C. v. eBay, Inc.*,⁶ and then five months later in *MEMC Electronic Materials, Inc. v. Mitsubishi Materials Silicon Corp.*,⁷ the court avoided the issue by finding that plaintiffs failed to present evidence to find intent under either standard. Thus, while the Federal Circuit documented the split, the court repeatedly failed to clarify which standard was the appropriate standard. Moreover, it remained unclear how the Federal Circuit would decide an appeal in which the evidence of record fell somewhere between the two standards (i.e., where sufficient evidence of intent existed to meet the lower *Hewlett-Packard* standard but not the higher *Manville Sales* standard).

As to be expected, the differing standards caused confusion for practitioners and district courts alike. One area that highlights the confusion was how to instruct a jury on the inducement to infringe claim in view of the differing standards of intent. For example, the District of Delaware’s model jury instructions seem to incorporate the lower *Hewlett-Packard* standard.⁸ The relevant jury instruction states that one induced infringement if “he actively and knowingly aided and abetted someone else to make, use or sell” the patented product. Significantly, the jury instruction goes on to instruct jurors that “[y]ou may find that defendant induced infringement even if there is an express warning against the infringement, if the material containing the warning nonetheless invites the infringing activities under the circumstances.” Thus, it appears that all that is required under the District of Delaware’s instruction to show intent is that the defendant possessed the intent to cause the acts that constitute the infringement, irrespective of the defendant’s subjective belief as to whether its actions constitute direct infringement.

In contrast, the Northern District of

California's model jury instructions clearly incorporate the more demanding *Manville Sales* standard.⁹ The relevant jury instruction adopted by the Northern District of California states "[i]t is not enough that the [alleged infringer] knew only of the acts alleged to constitute infringement, [the alleged infringer] must have known that those acts actually constituted infringement."

The Federal Circuit's recent decision, *DSU Medical Corp. v. JMS Co.*, should end the confusion caused by the competing standards. In *DSU Medical*, the court set forth that inducement requires that the alleged inducer (1) knowingly caused the acts that constituted direct infringement and (2) possessed specific intent to encourage those acts of direct infringement. Judge Rader, writing the en banc portion of *DSU Medical*, made clear that the intent required for liability under § 271(b) was set forth in *Manville Sales*, which requires that the alleged inducer knew or should have known its actions would induce actual infringement.

In addition, while the Supreme Court's decision in *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*¹⁰ was a copyright case, Judge Rader cited that decision approvingly for its guidance on inducing patent infringement. Judge Rader wrote that *Grokster* "clarified that the intent requirement for inducement requires more than just intent to cause the acts that

produce direct infringement." Judge Rader also concluded that *Grokster* validated the state of mind requirement that the Federal Circuit previously set forth in *Manville Sales*. Finally, Judge Rader emphasized that the standard set forth in *Manville Sales* requires that the alleged inducer have knowledge of the patent.

Notably, in a concurring opinion, Judges Michel and Mayer wrote that while they agree with the en banc panel's conclusion, they did not think that there was an actual conflict between the standards set forth in *Hewlett-Packard* and *Manville Sales* such that the court needed to address the issue en banc. Judges Michel and Mayer's statement that there is no actual conflict between *Hewlett-Packard* and *Manville Sales* is somewhat surprising in view of the fact that both Judges Michel and Mayer were on the *Insituform* panel, which was the first panel to acknowledge the lack of clarity stemming from the *Manville Sales* and *Hewlett-Packard* decisions. Moreover, Judge Michel was on the *MercExchange* and *Golden Blount* panels that also acknowledged, but failed to resolve, the competing standards of intent set forth in *Hewlett-Packard* and *Manville Sales*.

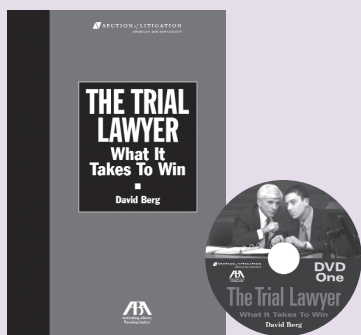
While it took the Federal Circuit a couple of years to go from acknowledging the split in its case law regarding the requisite intent to establish inducement of patent infringement to actually clarifying the

standard, after 16 years of apparently competing standards, there is now one standard. In *DSU Medical Corp. v. JMS Co.*, the Federal Circuit clarified that inducement of patent infringement requires that the alleged inducer (1) knowingly caused the acts that constituted direct infringement, and (2) possessed specific intent to encourage those acts of direct infringement. In the coming months, this one standard should end the confusion that has percolated for the last 16 years and lead to greater clarity in this area of patent law for the benefit of practitioners and district courts alike. ●

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Endnotes

- ¹ 909 F.2d 1464 (Fed. Cir. 1990).
- ² 917 F.2d 544 (Fed. Cir. 1990).
- ³ F.3d, Nos. 04-1620, 05-1048, 04-1052, 2006 WL 3615056 (Fed. Cir. Dec. 13, 2006).
- ⁴ 385 F.3d 1360 (Fed. Cir. 2004).
- ⁵ 438 F.3d 1354 (Fed. Cir. 2006).
- ⁶ 401 F.3d 1323 (Fed. Cir. 2005).
- ⁷ 420 F.3d 1369 (Fed. Cir. 2005).
- ⁸ District of Delaware Model Jury Instruction 3.6.
- ⁹ Northern District of California Model Patent Jury Instruction 3.10.
- ¹⁰ 545 U.S. 913 (2005).



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